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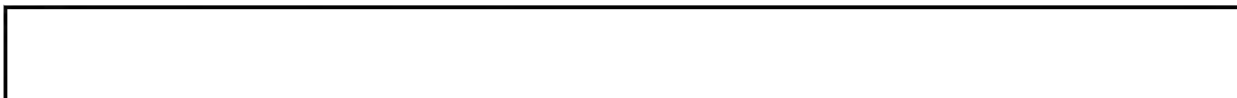
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CHINA

25X1 Although many accounts exaggerate the turmoil that has swept across China this year, [redacted] political infighting has been serious enough to upset industrial production in several provinces. Thus far, disorders related to the campaign against Confucius and Lin Piao have not matched the chaos of the Cultural Revolution, when industrial production not only slowed down but declined absolutely.

The disruptions this year have thwarted efforts to alleviate a coal shortage and, since coal provides the bulk of China's industrial fuel needs, the rate of industrial growth is undoubtedly being affected. The Chinese press has alluded to other basic deficiencies. China's industry was already behind the five year plan (1971-75) schedule last January, and it is now even further behind.

Official claims of gains in industrial output at both the national and provincial levels have been conspicuously thin, particularly claims covering the second quarter. [redacted]

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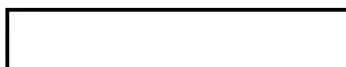
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Peking is also facing difficulties in gaining compliance with its moderate line on the relative importance of political campaigns and production. On the one hand, local officials are reluctant to take the lead in activities that might be condemned at some later date. On the other hand, workers, who are disgruntled about low wages and a host of other grievances, are taking advantage of uncertainty up the line and have been accomplishing very little work or have been staying off the job entirely.

With production already behind schedule, the central leadership will be hard pressed to achieve its targets during the remaining 18 months of the five year plan.



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GREECE-TURKEY-CYPRUS

Little progress was made yesterday defining demarcation lines and buffer zones between Greek and Turkish forces in Cyprus as both sides jockey for advantageous positions and accuse each other of violating the cease-fire.

[redacted] Athens and Ankara, meanwhile, are both threatening to boycott the second phase of the Geneva talks, scheduled to resume on Thursday. Greek Cypriot leaders went to Athens and Turkish Cypriot leaders to Ankara last weekend to coordinate positions for the Geneva talks.

Unconfirmed press accounts report that tentative agreement was reached for zones between opposing forces in the eastern portion of Kyrenia.

In Ankara, Turkish Cypriot leader Denktash said on Saturday that a permanent Turkish military presence in Cyprus is necessary and that an autonomous Turkish Cypriot area must include 30 percent of the island. Turkish Cypriots make up about 20 percent of the population.

Turkish Prime Minister Ecevit repeated the call on Sunday for a federal solution providing for a "self-sufficient and autonomous" Turkish Cypriot community. He also said that Ankara wants to return to the provision of the 1960 constitution calling for a 40-percent Turkish Cypriot representation in the Cypriot army and a 30-percent representation in the civil service.

In Athens, Greek Cypriot leader Clerides described his consultations with Greek government leaders on Sunday as "constructive," but did not elaborate. While there, he approved the appointment of a new Greek National Guard commander. In an interview on the same day, Clerides rejected the Denktash plan for federation as unworkable and undesirable for both Greek and Turkish Cypriots. He proposed instead, a plan for extensive Turkish Cypriot autonomy on the local level.

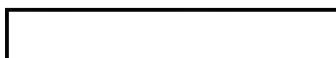
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Greek Foreign Minister Mavros was not quite as rigid. He said that his government also opposed a federal solution, but that the future status of Cyprus should be decided by the Cypriot people themselves.

On the military front, the situation was relatively quiet on the island until Turkish Cypriot forces in the southern city of Famagusta moved into new positions last night. Heavy fighting broke out and the National Guard has threatened to attack today unless the Turkish Cypriots pull back. UN forces are moving to the area to intervene.



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ETHIOPIA

The draft constitution, on which a committee has been working for four months, will be sent to the Prime Minister today. After study by the cabinet and Emperor Haile Selassie, it will be sent in about six weeks to parliament. The new constitution is expected to reduce the role of the Emperor to ceremonial functions, simplify the succession, make the parliament more representative, permit political parties, and provide for a free press.

Ethiopia's new cabinet, approved by the Emperor on August 3, continues to consist primarily of civil servants. The powerful Armed Forces Coordinating Committee insisted on its own choices for the defense and interior ministries, but otherwise seems to be willing to give Prime Minister Mikael Imru some latitude to govern.

Lieutenant General Aman Mikael Andom was named minister of defense, in addition to being chief of staff of the armed forces. The 50-year-old Aman is regarded as a competent professional; he was removed from active service nine years ago by the Emperor because of his liberal views. Aman is apparently a key link between the Armed Forces Coordinating Committee and the cabinet.

The new interior minister is an undistinguished police colonel, probably named to the post because the Coordinating Committee considers him manageable.

Foreign Minister Zewde Gebre Selassie, one of the more dynamic members of the cabinet, was given the additional post of deputy prime minister. Three other vacancies were filled by civilians whose views on political and social issues parallel those of the Prime Minister and the Coordinating Committee. [REDACTED]

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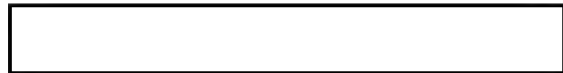
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